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IRS Issues Summer 2008 Statistics Of Income Bulletin

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WASHINGTON —The Internal Revenue Service today released the summer 2008 issue of the Statistics of Income Bulletin, which features tax year 2005 data on the growth in profits and tax liability reported by foreign-controlled domestic corporations.

According to 2005 data, there were 61,820 foreign-controlled domestic corporations (FCDCs), accounting for 1.1 percent of the total of all U.S. corporations. However, FCDCs generated \$3.5 trillion of total receipts with \$9.2 trillion of total assets, accounting for 13.7 percent of receipts and 13.9 percent of assets reported on all U.S. corporation income tax returns.

Profits, or net income less deficit, reported by FCDCs for tax purposes were \$165.2 billion, an 81.9 percent increase from \$90.8 billion reported in 2004. The U.S. tax liability for FCDCs, total income tax after credits, was \$42.4 billion for 2005, a 41.7 percent increase since 2004.

The Bulletin also features articles on the following:

- **Foreign corporations controlled by U.S. multinational corporations:** For tax year 2004, these controlled foreign corporations held \$9.2 trillion in assets and reported \$3.8 trillion in receipts.
- **Corporations that claimed the foreign tax credit on their U.S. tax returns:** For tax year 2004, corporations claimed foreign tax credits worth \$56.6 billion, representing an all-time high and a 13.2 percent increase over the previous high amount in 2003. Use of this credit reduced their U.S. tax on worldwide income by 30.2 percent, from \$187.5 billion to \$130.9 billion.
- **Growth trends in the number of partnership and sole proprietorship returns:** While the number of partnership returns filed between 2002 and 2005 increased by 23 percent, the number of sole proprietorship returns increased by 1.9 percent.
- **Federal gift tax returns filed for gifts given in 2005:** Americans reported \$38.5 billion in cash and other asset transfers. Almost 3 percent of gift tax returns were taxable with \$1.7 billion in reported tax liability.

- **Use of business credit for research activities:** Corporations claimed almost \$6.4 billion in these credits for tax year 2005, and corporations in the manufacturing industries claimed more than 70 percent of this amount.

The Statistics of Income Bulletin is available from the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954. The annual subscription rate is \$53 (\$74.20 foreign), single issues cost \$39 (\$48.75 foreign).

For more information about these data, write the Director, Statistics of Income (SOI) Division, RAS:S, Internal Revenue Service, P.O. Box 2608, Washington, DC 20013-2608; call Statistical Information Services at (202) 874-0410; or send a fax to (202) 874-0964.

To access an electronic version of the summer 2008 issue of the Bulletin, from the "SOI Bulletins" page in the Tax Stats section of IRS.gov.